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The 1982 Bicycle
Market in Review

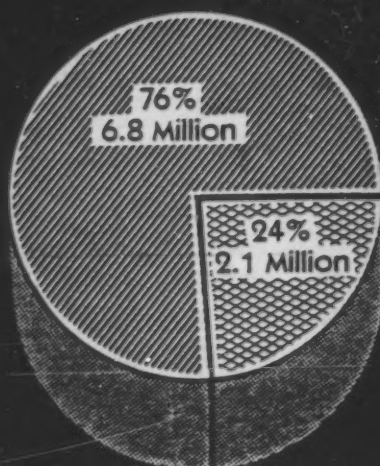




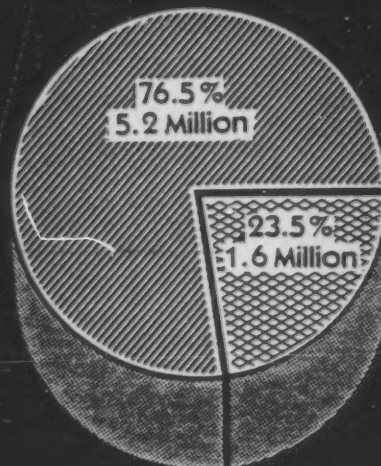
USA BICYCLE MARKET DOMESTIC VS IMPORTS

DOMESTIC

IMPORTS



1981
TOTAL 8.9 MILLION



1982
TOTAL 6.8 MILLION

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1982 saw total bicycle sales drop from 8.9 million in 1981 to 6.8 million, a decline of 24.8%. The relationship between domestic shipments and imports did not change significantly, remaining at about 76.5% for domestic market share, and 23.5% market share for imports.

Increased bicycle activity on a wide variety of fronts in 1983, and plans for increased promotion, PR, publicity and advertising should help make 1983 a better bicycle sales year.

IMPORTED BICYCLES BY COUNTRY OF ORIGIN AND RANKING

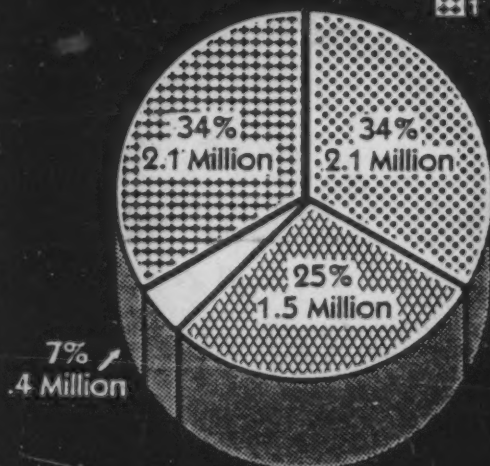


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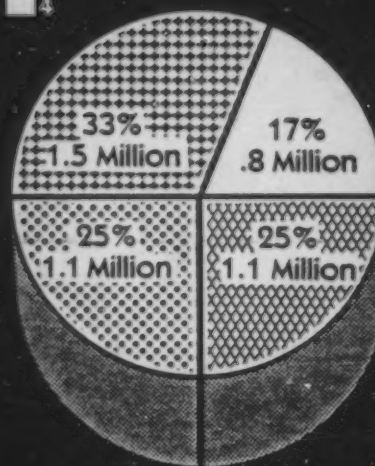
Taiwan continued its assault on the import market, increasing its share from 52% to 62.9% of all imports. Japan lost market share to Taiwan, falling from 31% to 21.7%, while the Republic of Korea stayed about the same, at 6.3%

DOMESTIC INCOMING ORDERS BY QUARTER

■ 1 ■ 2 ■ 3 ■ 4



1981
TOTAL 6.1 Million
100%

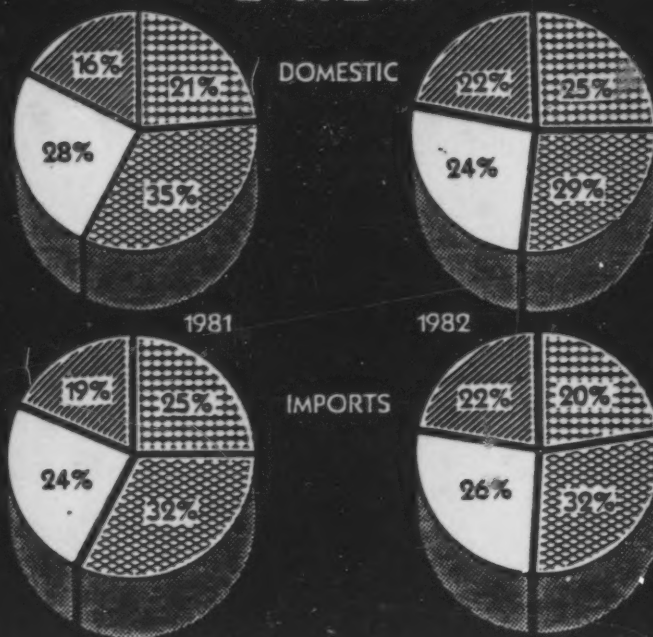


1982
TOTAL 4.5 Million
100%

Obviously, the 1st quarter was the most active for incoming orders, with 33% of the total. The 2nd and 3rd quarters were even at 25% each, and the 4th quarter followed the pack with 17%, about a 10% improvement over 1981.

TOTAL SHIPMENTS BY QUARTER

1 2 3 4



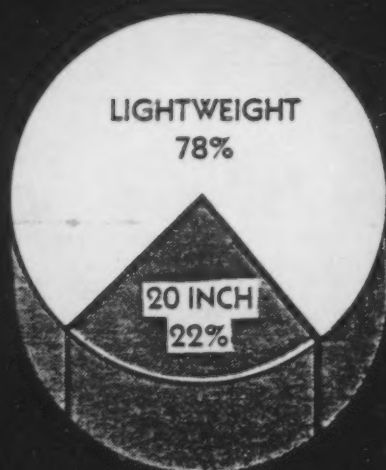
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Domestic shipments by quarter seemed to level off a bit; 1st quarter going from 21% to 25%; 2nd quarter dropping from 35% to 29%; 3rd quarter dropping from 28% to 24%, and the 4th quarter rising from 16% to 22% for a more even distribution by quarter for domestic merchandise.

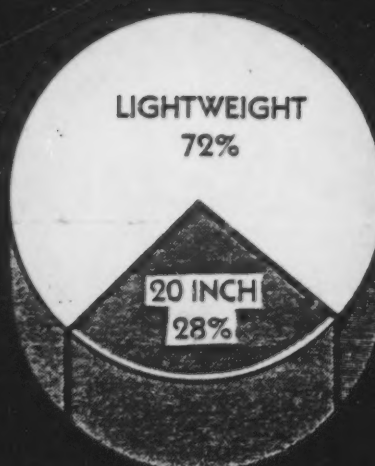
On imported goods, the 2nd quarter again saw the largest number of imports coming in - 32%, with only slight variations in the other 3 quarters.



IMPORTED BICYCLE BY TYPE LIGHTWEIGHT VS 20 INCH



1981

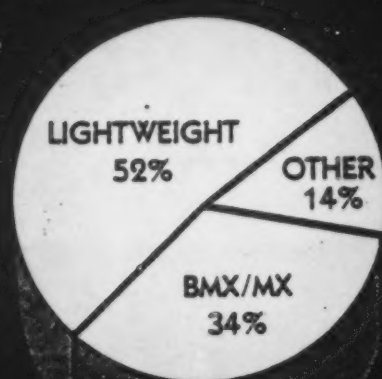


1982

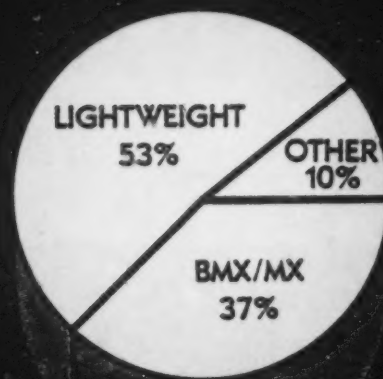
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20" goods increased their share of the import market from 22% to 28% of the 1.6 million imported bikes. Lightweight bikes fell accordingly from a 78% share to 72%.

USA LIGHTWEIGHT MARKET



1981

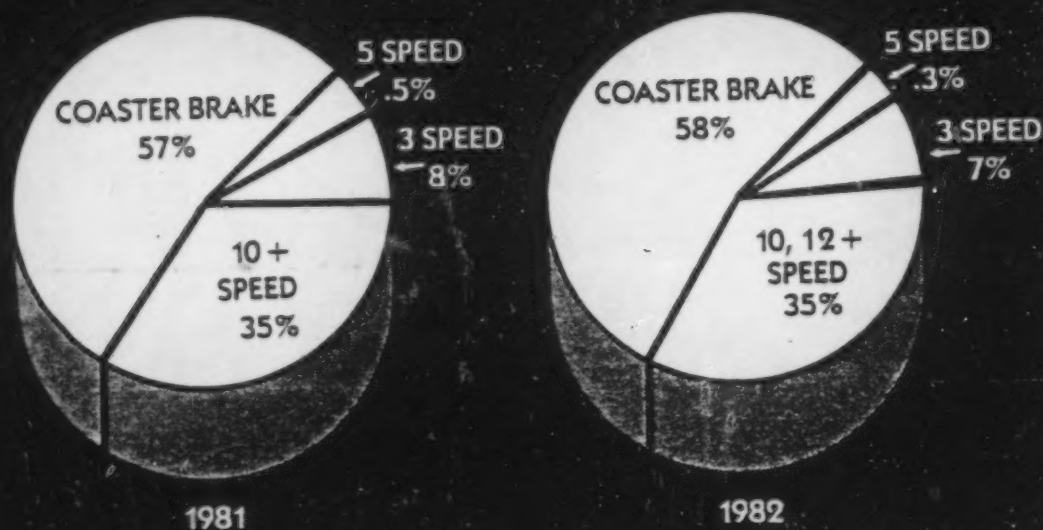


1982

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In 1981, lightweights were 52% of the market, with BMX being 34%, and all other types 14%. 1982 saw lightweights rise to 53%, BMX rise to 37% and the "other" category drop to 10%.

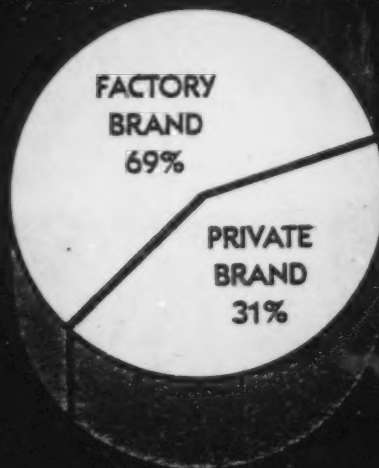
DOMESTIC BICYCLE SHIPMENTS BY TYPE HUB



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There were no significant changes in domestic shipments by hub type. Coaster brake models - mostly BMX - went from 57% to 58%; 3-speeds from 8% to 7%; 10, 12 and other derailleur models stayed the same at 35%; and 5-speeds dropped from 5% to 3%.

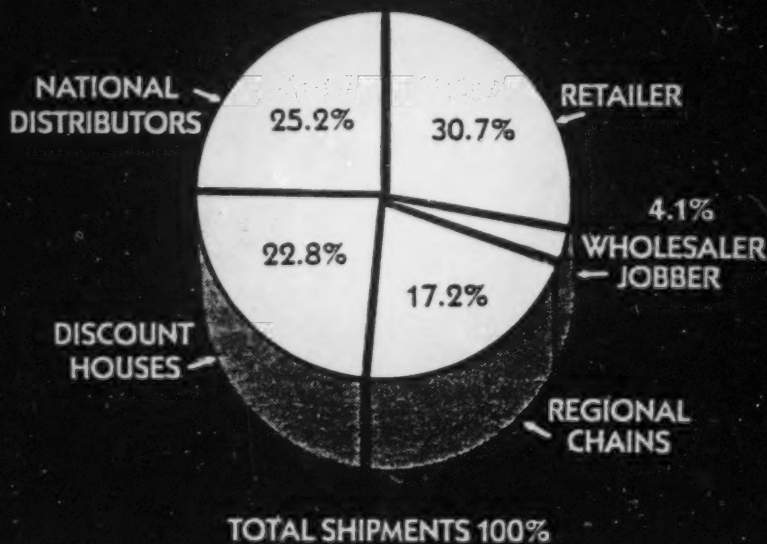
**SURVEY OF BICYCLE SHIPMENTS
BY BRAND NAMES
FACTORY BRAND VS. PRIVATE BRAND**



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The steady erosion of the private label business continued. 1982 figures indicate that factory labels went from 65% to 69% of domestic shipments, with private label merchandise declining from 35% to 31%.

DISTRIBUTION OF DOMESTIC SHIPMENTS



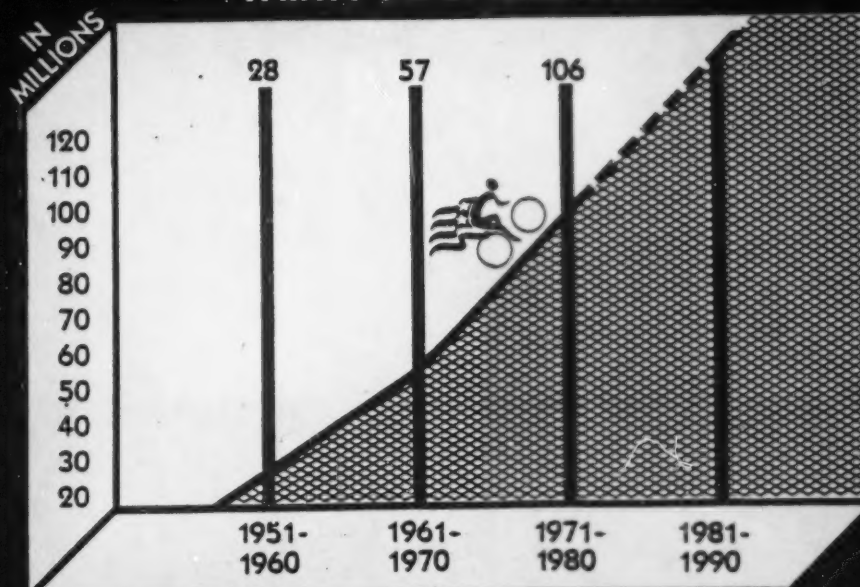
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Using definitions agreed upon by the industry, the distribution of domestic shipments by classification of accounts for 1982 was as follows:

Retailer:	30.7%, up from 29.5%
Jobber:	4.1%, down from 4.3%
Regional Chains:	17.2%, up from 15%
Discount Houses:	22.8%, down from 26.7%
National Distributors:	25.2%, up from 24.5%

65.2% of shipments from 5 domestic manufacturers went to National Distributors, Discount Houses and Regional Chains.

USA BICYCLE MARKET THIRTY-YEAR GROWTH



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A long-time growth graph like this one doesn't show a lot of things. It doesn't reflect the 50% drop in sales between 1974 and 1975. And it doesn't show this year's decline of nearly 26%. It isn't designed to highlight individual market aberrations up or down.

It is designed to reflect on this industry's long-term growth, and our growth has been considerable. Why not - we make a good product and sell it at a fair price. We produce a model to suit every need, at a price to fit every budget. Our product is unique; it harms none, it benefits all. It is accepted, admired and even loved by consumers at all age levels.

By aggressive marketing and accelerated promotion and advertising, we can improve the current sales picture and push the growth line right off the chart.



BICYCLING
THE WAY TO GO!



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SOME FACTS ABOUT TODAY'S AMERICAN BICYCLE MARKET

1. Annual Units in Millions: U.S. Manufacturers and Imports

<u>Year</u>	<u>Domestic Shipments</u>	<u>Imports</u>	<u>Total U.S. & Imports</u>
1960	2.6	1.1	3.7
1965	4.6	1.0	5.6
1968	6.0	1.5	7.5
1969	5.1	2.0	7.1
1970	5.0	1.9	6.9
1971	6.6	2.3	8.9
1972	8.8	5.1	13.9
1973	10.1	5.1	15.2
1974	10.1	4.0	14.1
1975	5.6	1.7	7.3
1976	6.4	1.7	8.1
1977	7.5	1.9	9.4
1978	7.5	1.9	9.4
1979	9.0	1.8	10.8
1980	7.0	2.0	9.0
1981	6.8	2.1	8.9
1982	5.2	1.6	6.8

It is estimated that there are now 64.5 million bikes in use and 105 million riders*based on a seven year estimated life span. Estimate is based on a reasonable estimate bike "life" multiplied by a unit sales factor.

2. Estimated Units in Millions for 1983

Domestic	6.1
Imports	2.0
Total	8.1

3. Estimated Percentage of Lightweight Bike Sales to Total Sales

1969	12%	1976	50%
1970	17%	1977	54%
1971	25%	1978	62%
1972	50%	1979	59%
1973	70%	1980	56%
1974	74%	1981	52%
1975	58%	1982	53%

* BMA's formula for reaching a "ballpark" figure for the number of bicycles or bicyclists in a given area is as follows: BMA estimates more than 105 million cyclists in America, and 64.5 million bicycles. There are now 225 million Americans, according to the latest Census figures. Divide a geographical entity's (State, County, City) population into 225 million. The percentage figure realized can then be divided into bikes, cyclists for the area in question.

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4. Estimated Retail Dollar Volume for 1982

Around \$1 Billion

5. Estimated Potential Bicycle Market

There are 65 million bikes in use in America and more than 105 million users. (The latter figure is accounted for by rentals, families with more members than bicycles, delivery bicycles, patrol bicycles, etc.). Based on a total population figure of 225 million persons then, there are 120 million who do not own bicycles. The BMA estimates there are about 70 million who are too young, too old or incapable of driving bikes.

Thus, BMA sees a potential for 90 million new customers; the millions who use, but don't own bicycles and the other millions who neither own nor ride a bicycle at present. In these days of increasing gasoline prices and the increased cost of new and used automobiles, along with the rapidly growing network of bikeways, the bicycle industry feels there is a tremendous potential for convincing additional millions of Americans that the bicycle is not only an enjoyable and healthful recreation vehicle, but an excellent, inexpensive mode of transportation for short-haul commutation.

6. What Kind of Bikes are Americans Buying?

A solid mix of lightweights (3-speed and 10-speed) for teenagers, young adults and adults, BMX and high-rise units for juveniles, and cruisers.

7. Who is the BMA?

The Bicycle Manufacturers Association, whose members produce more than 80% of all domestic bicycles, is made up of the following American bike makers:

- . COLUMBIA MANUFACTURING CO. - DIVISION OF MTD PRODUCTS
- . HUFFY CORPORATION
- . MURRAY OHIO MANUFACTURING COMPANY
- . ROADMASTER CORPORATION

And these Associate Members:

- | | |
|--------------------------------|--------------------------------------|
| . ABS INDUSTRIES, INC. | . PERSONS-MAJESTIC MFG. CO. |
| . DIA-COMPE, INC. | . SATE-LITE MANUFACTURING CO. |
| . EXCEL, INC. | . SHIMANO AMERICAN CORPORATION |
| . FIMECY | . SUNTOUR USA, INC. |
| . HARRIS-THOMAS DROP FORGE CO. | . TI STURMEY ARCHER OF AMERICA, INC. |
| . HUNT-WILDE CORPORATION | . TROXEL MANUFACTURING CO. |
| . HURET ET SES FILS | . UNION SILS, VAN DE LOO & CO. |
| . MESINGER MANUFACTURING CO. | . WALD MANUFACTURING CO. |

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